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Changes in Home Health User Rates After the Balanced Budget Act

The Balanced Budget Act of 1997 along with Operation Restore Trust changed the incentives facing providers of home health services in the Medicare program. The proportion of Medicare enrollees that received home health services dropped, and use of services among those who received home health benefits fell as well. This is the first of three issues of MCBS Profiles that use the 1996 and 1998 Access to Care files to examine those changes for "community beneficiaries" -- respondents not in a nursing home when the fall round of the survey was conducted.

Changes in use of home health benefits can be divided into two parts: changes in the proportion of the population that use any benefits (the "user rate"), and changes in the distribution of spending among those who use services. This issue of Profiles is focused on user rates; future issues will address changes in the distribution of spending among those people who received home health care benefits, and on satisfaction with the quality and availability of medical care.

The pattern of user rates themselves was not uniform across groups of beneficiaries. User rates in 1998 were higher for older beneficiaries than for younger ones, higher for Black and African American beneficiaries than for White or Hispanic ones, and higher for poor beneficiaries than for wealthier ones. In what may reflect a correlation with age, user rates were lower for married beneficiaries and for those living with their spouse than for widowed beneficiaries or those living alone, with their children, or with somebody else other than their spouse.

Home Health User Rate for 1998 and Percentage Point Change in Rate from 1996, by Selected Beneficiary Characteristic (Community Only)

Beneficiary characteristic	1998 User Rate	Percentage Point Change From 1996
All community beneficiaries	7.8	-1.3*
Age		
Under 45 years	3.5	-2.4*
45 - 64 years	5.8	-1.8
65 - 74 years	4.1	-1.1*
75 - 84 years	10.5	-1
85 years and older	20.7	-4.5*§
Gender		
Male	6.5	-0.9*
Female	8.8	-1.6*
Marital Status		
Married	5.6	-0.8*
Widowed	12.3	-1.8*
Divorced/separated	7.0†	-0.8
Never married	6.6†	-2.7*
Living Arrangement		
Lives alone	9.4	-2.2*
With spouse	5.5	-0.9*
With children	13.4	-1.5
With others	9.7	-0.9
Race/Ethnicity		
White non-Hispanic	7.5	-1.5*
Black non-Hispanic	11.1	-0.5
Hispanic	7.6†	0.5
Other	5.9†	-1
Income		
$5,000 or less	10.4	-1.3
$5,001 - $10,000	11	-2.7*
$10,001 - $15,000	9	-1.8*
$15,001 - $20,000	8.0†	-0.2
$20,001 - $25,000	7.2†	0.5‡
$25,001 - $30,000	5.1	-2.9*
$30,001 - $35,000	5.8	-0.5
$35,001 - $40,000	4.8	-1.2
More than $40,000	4.2	0.6‡

†This rate is not significantly different from the rate for others.
*This change is significantly different from zero.
‡(§)This decline is significantly less (greater) than the change for others.

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Home health user rates also reflect health status. Rates were higher for beneficiaries with poor health status or functional limitations than for those in good health or without limitation. A relatively large proportion of beneficiaries with particular diseases or conditions -- particularly diabetes, osteoporosis or hip fracture, Alzheimer's disease, and Parkinsonism -- received some home health benefits.

The drop in the home health benefit user rate between 1996 and 1998 seemed to affect some groups of beneficiaries more than others. The user rate for all community-dwelling Medicare enrollees dropped from 9.1 percent in 1996 to 7.8 percent in 1998, a statistically significant decrease. In a first pass through categories of beneficiaries, we observe statistically significant declines in user rates for beneficiaries under age 45 years or age 85 years or older (and not for other age groups), for those living alone or with their spouse (and not for others), for White beneficiaries but not for minority beneficiaries, and for beneficiaries living in metropolitan areas but not for those in rural areas.

Statistically significant declines in home health user rates also were observed for some health conditions. For example, user rates fell for people with 2 or more chronic conditions; those in good, fair, or poor health; and those with particular diseases or conditions such as diabetes, stroke, or urinary incontinence.

Home Health User Rate for 1998 and Percentage Point Change in Rate from 1996, by Selected Beneficiary Characteristic (Community Only), cont'd.

Beneficiary characteristic	1998 User Rate	Percentage Point Change From 1996
All community beneficiaries	7.8	-1.3*
Metropolitan Area Resident		
Yes	7.3	-1.6*
No	9.1	-0.5
Health Status		
Excellent	2.6	-0.6
Very good	3.9	-0.3‡
Good	6.1	-2.0*
Fair	12.7	-2.0*
Poor	21.5	-3.3*
Functional Limitation		
None	2	-0.9*‡
IADL only	7.4†	-1.8*
One to two ADLs	10.9	-6.7*§
Three to six ADLs	30.5	-9.0*§
Mobility Limitation		
No	2.4	-0.4‡
Yes, no ADL/IADL present	3.6	-2.4*
Yes, ADL/IADL present	17.1	-4.7*§
Chronic Conditions		
None	1.6	-0.5
One	1.9	-0.7
Two or more	10.2	-2.1*§
Disease/Condition		
Hypertension	9.8	-1.1*
Diabetes	13.6	-2.3*
Arthritis	9.3	-1.6*
Osteoporosis/broken hip	14.7	-1.9
Pulmonary disease	11.5	-2.5*
Stroke	17.7	-4.2*§
Alzheimer's disease	26.3	0.5
Parkinson's disease	26.5	-4.4
Skin cancer	9.2	0.1
Other type of cancer	10.2	-1.8
Urinary incontinence	13.3	-4.2*§

†This rate is not significantly different from the rate for others.
*This change is significantly different from zero.
‡(§)This decline is significantly less (greater) than the change for others.

In comparing most classifications of beneficiaries, we find no significant difference in the percentage point drop in user rates between 1996 and 1998; but there are some exceptions. The drop in user rate for people with no mobility (lower-body) or functional limitations, for those in very good health, and for those at the upper end of the income scale, was less than for others -- although the user rate itself for these groups was already low to begin with. The fall in rates were significantly greater for beneficiaries aged 85 years and older, for people with one or more limitation in activities of daily living (ADLs), for people with 2 or more chronic conditions, and for people who had suffered stroke or who had urinary incontinence.